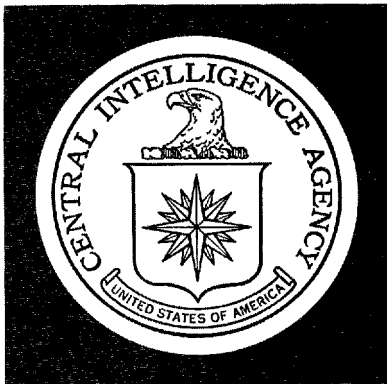


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Vietnam: Military activity in the South fell off to a relatively low level over the weekend.

Small-scale clashes were reported in widely separated areas of the country, and five major US military installations were hit with light rocket fire. The enemy failed to inflict serious damage to the installations, but five US soldiers were killed in the attacks.

* * * *

Phnom Penh has reached a new arrangement with the Vietnamese Communists regarding their activities in Cambodian territory.

Chief of State Sihanouk revealed in a recent speech that the Viet Cong's ambassador in Phnom Penh had signed a statement admitting that Communist troops are located on Cambodian soil. Sihanouk claimed that he extracted the "promise" that, with the exception of wounded troops, Communist forces would depart Cambodia "as soon as possible" and that all Communist troops would be withdrawn once the war is over.

Sihanouk obviously has not told the whole story, but the agreement to which he referred is almost certainly the result of talks that have been under way in Phnom Penh for several weeks. Sihanouk gave no hint of what concessions were made on his part, but the lifting of the recently imposed ban on supply shipments to the Communists may have been one.

Sihanouk did make clear that he has no illusions regarding the likelihood that the Communists will honor the agreement, and it is not likely that tensions along the border will be significantly reduced in the near future. Sihanouk believes, however, that such agreements can be used to good advantage in future negotiations over the ultimate disposition of Communist forces in Cambodia.



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[France: The composition of the new cabinet reflects a compromise between orthodox Gaullism and President Pompidou's desire for greater flexibility in foreign policy.

By unexpectedly naming Maurice Schumann as foreign minister, Pompidou served notice to orthodox Gaullists that he intends to chart his own course in foreign affairs, especially in the realm of European cooperation. The new foreign minister, a former member of France's Christian Democratic party, has been identified over the years with the cause of European unity. He has, however, shown his willingness to adapt personal ideals to circumstances by participating in a number of past Gaullist cabinets. At any rate, Schumann is likely to have little independent power, and will probably be limited to carrying out decisions made by the President.

For the last week Pompidou has been under strong pressure from orthodox Gaullists to retain Michel Debre as foreign minister. By naming Debre minister of state for national defense, a newly created post, Pompidou has avoided an early clash with the Gaullist party. In his new position, Debre will be formally the highest ranking minister below Prime Minister Jacques Chaban-Delmas.

Pompidou followed through with campaign promises by naming centrists Jacques Duhamel and Rene Pleven to important posts. Both men broke ranks with their party by endorsing Pompidou during the presidential campaign. Valery Giscard d'Estaing, leader of the Gaullist-allied Independent Republicans, was named finance minister. Leo Hamon, a left-wing Gaullist, was also brought into the cabinet.

Parliament will meet next week for a short session, and then will recess until October. Pompidou]

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[has promised to work more closely with Parliament than his predecessor, and have the prime minister outline the general lines of his policy to the Assembly before it adjourns. Unlike the situation under the Fourth Republic, the new cabinet need not win a vote of confidence.



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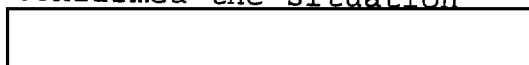
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Southern Yemen: The forced resignation of President Qahtan al-Shaabi has been accomplished without incident so far, but the support of the army is still not certain.

The General Command of the ruling National Liberation Front (NLF) party removed al-Shaabi yesterday. The action was probably prompted by al-Shaabi's increasingly personal rule. The General Command has issued a decree asserting that all revolutionary authority resides with it and not with any individual. Another factor in al-Shabbi's ouster may have been unhappiness over his dismissal of the interior minister last week.

To rule in al-Shaabi's place the General Command has set up a five-man presidential council that reflects the leftist orientation of the NLF. A new government will probably be formed which will carry on the basic policies of the preceding regime, but with even more dedication to revolutionary principles.

Aden radio has been broadcasting pledges of support for the action of the General Command, including some from various military units. The support of the army remains essential to the NLF's position, and until it is confirmed the situation will remain uncertain.



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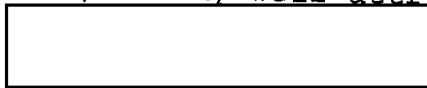
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Finland: The Finnish trade unions all but achieved reunification on 17 June by forming a new Finnish Central Federation of Trade Unions (SAK).

The new federation, representing approximately 425,000 of the 488,000 organized blue-collar workers, consists of the old Finnish Confederation of Trade Unions, components of the rival right socialist Finnish Federation of Trade Unions (SAJ), and the independent trade unions. The new SAK is controlled by the Social Democrats by a small margin. The threat that the new organization might fall to the control of a coalition of Communists and splinter left-socialists persuaded some individual Social Democratic unions to enter the new SAK. The Social Democratic grip is not firm, however, and splinter left-socialists and hard-line Communists can still muster enough strength to influence the new SAK's policies and frustrate efforts toward further reunification.

Remaining outside of the new federation are approximately 60,000 members of SAJ. Despite consistent pressure from the Social Democratic Party, the SAJ leadership has refused to merge its organization. Its obstinacy has resulted in the defection of unions with some 45,000 members. If the new SAK is able to steer past the pitfalls set by its opponents on the left, it may well attract additional SAJ holdouts.



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Egypt-Israel: Heavy shooting across the Suez Canal has again become almost a daily occurrence. Artillery exchanges will probably continue as Egypt attempts to keep the major powers focused on the problem at the same time that it tries to avoid provoking an all-out Israeli response. The Israelis claim that on Saturday night they attacked an Egyptian radar station near the southern end of the canal. This marks the first Israeli penetration in that area. Cairo announced that it had sent two commando groups on raids across the canal the same evening.

* * * *

UN-Rhodesia: The resolution presented by the Afro-Asians on 19 June could pose some serious problems at today's Security Council meeting. The resolution urges the UK to use force in Rhodesia and would apply sanctions to South Africa and the Portuguese territory of Mozambique. Seven abstentions are needed to kill the resolution. Spain and Nationalist China hold the key to the outcome. Spain may vote for the resolution if it does not have to support references to the Portuguese. Nationalist China will be guided by its perennial worries over retaining its UN seat. The UK would probably veto a resolution if it received the requisite nine affirmative votes.

* * * *

Rhodesia: The Smith government will probably proceed at a deliberate pace to implement the proposals which received a decisive mandate in Friday's referenda. Prime Minister Ian Smith would not say when he intended to declare Rhodesia a republic, although in response to a press query he replied that he could find nothing wrong with 11 November, the date Rhodesia unilaterally declared itself independent. It will probably take at least that long to finish drafting the new constitution.

(continued)

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Ireland: Final results in the general election give Prime Minister Lynch's Fianna Fail party 75 of the 144 seats in Parliament, its largest total since 1957. After a campaign fought mainly over welfare programs and economic policy, the Irish electorate clearly backed the party responsible for the nation's current prosperity. The main opposition party, Fine Gael, failed to make the gains that had been forecast, winning only 50 seats. The Labor Party slumped from 22 to 18 seats. Its impressive showing in Dublin was more than offset by what the press termed the "conservative backlash from rural Ireland."



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